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ABSTRACT

The evolution of student financial aid and current trends of increasing college costs and decreased federal aid are discussed. The objective of removing barriers to opportunity has resulted in the award of aid according to some measure of student and family need. While the need-based approach originated and evolved within the educational community, the federal government has become the largest source of student aid. It is reasonable to assume that student aid has had something to do with the democratization of college opportunities during the past quarter century. The greatest hazard of the current policy of financial aid cuts and changed eligibility criteria is the squeeze on students and families in the lower economic range. It appears that college has recently become more difficult for families to afford; in many states tuition levels are rising without any commensurate increase in need-based aid. More than half of the colleges included in a recent survey indicated that, in addition to offering need-based aid, they consider all incoming freshman applicants for academic scholarships without regard to financial need. Most parents are still prepared to contribute something to their children's education; however, overall, an increasing share of the cost burden is likely to fall on students themselves. (SW)

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The Issue of Equity in College Finance

by

LAWRENCE E. GLADIEUX

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The Issue of Equity in College Finance

LAWRENCE E. GLADIEUX

A majority of students in American colleges and universities pay less than the full amounts charged by institutions for tuition, fees, and room and board. The price of higher learning is variously discounted by combinations of financial aid in the form of grants, subsidized loans, and work-study opportunities.

Fifty years ago college was for the privileged few, and financing a college education was fairly straightforward, depending primarily on parental income, savings, and student earnings. Today, massive systems of public higher education and multibillion-dollar student-aid programs have made access to higher education much wider. College finance is a crazy quilt of prices and subsidies. Undergraduate tuition and fees range from nominal at most community colleges and under $1,500 at many state universities to almost $10,000 at some Ivy League colleges and comparable private institutions. And the mix of federal, state, institutional, and private aid produces a still wider range of effective prices facing students and families. A British analyst who has compared student support schemes in different countries observes that "the United States has the most bewildering array of student aid programs."[1]

The practice of helping students meet the cost of education can be traced as far back as the early days of Harvard College in the seventeenth century, but for a long time student aid was limited to small sums that institutions might devote from their own budgets or raise from alumni, local associations, or clubs. The aid generally took the form of "scholarships" limited to tuition costs, which the colleges typically awarded in a personalized manner, recognizing academic performance or promise and sometimes financial need. Only in recent decades has student aid taken on major dimensions and formal procedures.

Although New York State inaugurated a scholarship program in 1913 and the New Deal generated some student subsidies through work programs during the 1930s, government entered the picture on a large scale after World War II. The postwar GI Bill financed college (and helped fuel the expansion of higher education) for thousands of returning veterans. Then came sputnik, the War on Poverty, and the burgeoning of federal aid to students in the 1960s and 1970s. State aid

programs grew steadily during the same period.

The broad principle inspiring the growth of most undergraduate student aid during the past thirty years has been that no student should be denied access to college for lack of money. The aim has been to remove barriers to opportunity and to extend the benefits of education beyond high school to all who are qualified. This has meant awarding aid progressively according to some measure of student and family need. A milestone in this movement was the founding of the College Scholarship Service (CSS) in 1954, the result of a group of colleges and universities resolving to follow consistent guidelines in administering student financial aid. Dean John Munro of Harvard and others had advanced the concept of a standard system for analyzing the need of aid applicants to replace the various rules of thumb then used on campuses around the country. CSS began operations with ninety-seven member institutions under the auspices of the College Board. It developed and distributed the Parents Confidential Statement, a form for collecting common information on family finances, and by the late 1950s it was using electronic data-processing equipment to streamline the central computation of need estimates. The colleges adopted the CSS formula to set their awards to individual students or modified it slightly to reflect local conditions or the availability of funds.

CSS now has more than 1,200 members and processes some 2.5 million student-aid application forms annually. The criteria of "need analysis" have been debated, elaborated, and revised from year to year, but the basic elements of the system remain the same as in 1954. Need is computed as the difference between total estimated expenses (including books and transportation as well as tuition and living costs) and the estimated resources available to the student and family. The expected family contribution has always been the most sensitive calculation and the crux of need analysis. It takes into account extensive data on family circumstances, including parental income from all sources, the number of dependents, taxes paid, extraordinary expenses, asset holdings, and indebtedness. The idea is to gauge the overall financial strength of the family and to establish an amount the family should reasonably be able to contribute to postsecondary schooling.

While the need-based approach originated and evolved within the educational community, the federal government has become by far the largest source of dollars for student aid. Including veterans and social-security education benefits (which are distributed regardless of need, though many students receiving them are needy), the federal government generated almost $12 billion, or about three-fourths of all aid available to graduate and undergraduate students in 1982–83. Much of this aid comes in the form of bank loans that are federally guaranteed and subsidized; a declining percentage of the federal investment is in the form of grant aid. The states invest another $1 billion or more, mainly for need-based grants. Institutional and miscellaneous private sources account for an additional several billion dollars.

In the 1960s, as Congress began to pump federal dollars into need-based student aid, the federal government tended to rely on CSS and other such

systems already in use by the colleges for determining student eligibility. During the past decade, when student aid became a controversial budgetary issue, the political stakes increased, and Washington policymakers saw fit to participate more actively in shaping the terms of need analysis. For example, eligibility for the $2.4 billion Pell Grant program is based on a federally established "family contribution schedule," the subject of much jousting between Congress and the administration when it is revised and approved each year. For the smaller federal programs that are administered by individual campuses (Supplemental Educational Opportunity Grants, National Direct Student Loans, and College Work-Study) and for the Guaranteed Student Loan program, federal policy is to allow the use of private need-assessment systems that meet certain specifications. The pattern among the states is mixed; some have devised their own eligibility tests for need-based aid, while others rely on systems such as CSS or the federal Pell Grant method.

Need analysis underwent substantial liberalization in the 1970s as public pressure mounted for some kind of response to a perceived "middle-income squeeze" in financing college costs. Well before Congress passed the Middle Income Student Assistance Act (MISAA) of 1978, CSS and other nonfederal systems of need analysis were liberalized (that is, the expected contributions of parents were lowered) to recognize greater need among middle-income families. Then MISAA loosened eligibility for Pell Grants and opened federally subsidized, guaranteed loans to any student regardless of income. The result was to stretch eligibility up the economic scale, extending student-aid benefits to a growing segment of the population. The dynamics of expansion carried through the Education Amendments of 1980, though many of the liberalizing changes Congress authorized in that legislation were deferred or repealed a year later in the Reagan retrenchment.

In the early 1980s, the consensus favoring distribution of student aid according to financial need remains roughly intact. Under one system or another the bulk of the more than $16 billion invested annually in student aid continues to be based at least loosely on need. But the need-based tradition and the goal of equity in student finance are threatened—and not just by the budgetary repercussions of Reaganomics. Several forces and trends are at work.

Has Student Aid Made a Difference?

One challenge to student aid is analytical. As need-based student assistance has ballooned into a major social investment, researchers have evaluated the programs to determine whether they have measurably advanced their original goal of providing greater equality of educational opportunity. A 1982 analysis prepared for the National Institute of Education by W. Lee Hansen asserted that this goal had not been met. Federal financial aid, he found, had operated largely as a transfer program—relieving some of the burden of college costs for parents and students but failing to induce or influence the mix of enrollments in higher education.

The Hansen study raised fears in the higher-education community that the analysis would be seized upon by the Reagan administration to justify cutbacks in the aid programs. (In fact, the administration has backed off from the drastic cuts proposed during its first two years in office; the president's FY 1984 budget proposes a vast restructuring of student aid, but the dollar commitment would be roughly the same as Congress provided for FY 1983.) The Hansen paper also generated a spate of alternative analyses challenging his methodology and findings on various grounds.

The debate over the effects of student aid is reminiscent of the controversy triggered in the mid-1960s by the Coleman report, which concluded that the resources and characteristics of schools bore little relationship to disparities in educational achievement among groups of students. ("Schools don't make the difference; families do" was the catchphrase that summed up the report.) In both cases, the deficiencies of available data and the inherent complexity of analyzing such social phenomena almost ensure the emergence of conflicting evidence on all sides of the question.

Without doubt the Hansen analysis is partly valid: substantial federal funds, especially since the MISAA expansion of 1978, have probably displaced what students and families would otherwise invest from their own resources to pay for college. To this extent, the investment has been inefficient. The evidence, however, is too incomplete to support any sweeping conclusion about the impact of student aid on patterns of access and choice in higher education.

Data can easily be cited to confirm the unsurprising: rich children still have a far greater chance of going to college than poor children. But tracking the results of student aid is fraught with complications, since enrollment in institutions of higher education is a function of many factors – academic aptitude, quality of prior schooling, family attitudes, motivation, and awareness of opportunities – not just the ability to pay the costs. Comparing attendance of rates over time is further confounded by external variables like the level of unemployment in the economy and military draft policies. The draft-induced college enrollments of the Vietnam era, for example, skew Hansen's comparison of the early and late 1970s. Also, data are extremely scarce on the growing proportion (now over one-third) of undergraduates who are deemed self-supporting, a group that Hansen ignores. Census data and most other sources supply information only about young people of traditional college-age who are dependent on their families.

Some available data do reveal gains. College entry rates for low-income students of high ability have improved considerably in the past two decades, though the gaps between students of equal abilities but differing socioeconomic status remain large. For women, equal access to undergraduate education has been achieved for the most part. For minorities, great improvements have been made since the 1960s. Unfortunately, there are also contrary trends. Hispanic college entry rates seem to have fallen off sharply in the past decade, a development possibly related to immigration patterns. The record is mixed, but it generally shows progress for groups traditionally underrepresented in higher education,

and student aid has surely been one of the many catalysts for the expansion.

Student aid has also probably enhanced opportunity in a variety of ways not readily revealed by any of the data. It has widened choices for many students of modest economic and social origins, enabling them to attend more expensive institutions, live on campus rather than commute, and attend full-time rather than part-time. In addition, the availability of loans and other aid has helped colleges to open their doors to increasing numbers of older students, most of whom are independent and may have low or moderate incomes.

Despite the blind alleys in behavioral research, investigators will continue to analyze the factors that influence decisions about college attendance. Meanwhile, it is reasonable to assume that student aid has had something to do with the democratization of college opportunities during the past quarter century. If the impact is not as clearcut or dramatic as one might hope or expect, given the dollars spent, it must be asked what might have happened if there had been no student aid. In all likelihood, ground would have been lost in equalizing college access and choice for the disadvantaged.

Academic Standards and Student Aid

Another challenge to the system of student aid is based on the somewhat contradictory perception that aid has encouraged *too many* people to enroll, that it has made college attendance too easy and too attractive, especially for weakly motivated or poorly prepared students. Thus student aid has become vaguely implicated in what many view as a general decline in academic standards.

Before the legislative breakthrough establishing federal aid to education in the 1960s, most proposals for federal scholarship assistance were geared to provide incentives for the ablest students. Much attention in the 1950s focused on the problem of "talent loss." It was feared that the nation was suffering because many young people of superior aptitude were not going on to college. But when Congress approved the Educational Opportunity Grants program in 1965, the primary concern was equity. Financial need was established as the basis of eligibility. No ability screening or cutoff was imposed, only a loose provision (never really implemented) that the applicant "show evidence of academic or creative promise." Since then virtually all student aid provided under the Higher Education Act of 1965 has been open to students with documented financial need who gain admission to a duly accredited or otherwise federally eligible postsecondary institution.

There is no doubt that the aid programs subsidize some students who fail their courses or drop out before receiving their degrees, and in recent years Washington policymakers have debated whether to impose federal standards of satisfactory academic progress as a condition for student aid. Rules in this area to date have relied on self-regulation by the higher-education community. This could be a major issue in the debate over congressional reauthorization of the Higher Education Act.

Voices are also heard – among the colleges, in the states, and in Washington –

favoring some movement back to merit-based aid. Current programs, it is said, fail to reward the most talented and promising students. In the wake of *A Nation at Risk*, the report of the National Commission on Excellence in Education, the Reagan administration announced that it was considering ways of fostering excellence through student aid, including competitive academic scholarships. Some states are already proposing such programs, and many institutions are increasing their investment in no-need, merit-based student awards.

Proposals for merit aid typically call for reliance on test scores, grades, and related indicators for selecting academically outstanding students, and such measures tend to correlate with family income and social class. Thus past policies designed to reduce socioeconomic disparities in college entry will be blunted to the extent that the distribution of aid is shifted to reflect academic rather than financial-need criteria.

Effects of the Federal Slowdown

Research may raise questions about whether student assistance is achieving its intended objectives; critics may point to inefficiencies; and pressures may be exerted to bend aid policies to the cause of raising academic standards. Yet the existing federal programs have proved durable and may resist change. They have emerged from the budget battles of recent years with a strong base of political support. While the era of dramatic growth is clearly over, Congress has refused to slash student aid. The only program the Reagan administration succeeded in eliminating is social-security dependent benefits for students eighteen through twenty-two years old, which is being phased out over four years. Eligibility for the Guaranteed Student Loan program has been curtailed through the imposition of a need test for students from families with an adjusted gross annual income above $30,000, a step most observers agreed was essential to get this program back under control after MISAA had eliminated its income ceiling. Pell Grants and the other need-based programs have for the most part been held steady at their 1980 levels.

Budgetary trends, however, are diluting the potential of student aid to advance equity goals. Given the staggering deficits facing the government and the enormous downward pressure on domestic spending, higher education may be doing well if it remains constant in the federal budget. Level funding means a loss of purchasing power as inflation and rising college costs take their toll. In real terms, federal programs in the early 1980s are providing less and less help to students and parents paying increased college expenses.

Moreover, the impact on students and parents goes beyond the shrinkage of dollars. The early Reagan years have been a time of upheaval in the procedures and delivery of federal student aid. Application forms, eligibility criteria, and funding allocations have all been chronically delayed, making it difficult for families to plan ahead and for colleges to package and award aid. The mood of uncertainty was heightened during 1981 and 1982 by headlines announcing the

president's bold plans to cut student aid. Perception is often as important as reality, and many students may have assumed that it was pointless to apply, that student aid was drying up, and that money for college – or the college of their choice – would not be available. Such misapprehension was probably more harmful than the actual cuts approved by Congress, which fell far short of what the president had proposed.

The extent to which students lowered their educational aspirations as a result of the recent confusion over student aid is unknown. There is no systematic evidence on how many have dropped out or not enrolled or have made different choices because of real or feared financial constraints. But many colleges have reported enrollment slippage that they attribute to the financial aid turmoil. Admission applications from low-income and minority students have fallen off at many private institutions. And community colleges in some parts of the country seem to be gaining new students as a result of these shifts.

Students from many backgrounds have been and will be affected by the leveling off and erosion of federal student aid. Some observers suggest that the recent changes amount to a repeal of MISAA and that they most harshly affect middle-income students and parents. But the greater hazard of the current policy is the squeeze on students and families in the lower economic range. Federal cutbacks not only in student aid but also in income maintenance and other social programs have fallen disproportionately on the poor. For the neediest students, grant aid has barely increased since 1978; the Pell Grant maximum award has remained stable for the past four years. Meanwhile, there has been an enormous expansion of federally subsidized credit, a form of aid less targeted to the poorest students that extends substantial benefits (zero interest while in school and repayment at below-market rates later on) to middle- and upper-middle-income students, even after the tightening of eligibility in 1981. Operating essentially as an entitlement for students who can find a willing lender, the Guaranteed Student Loan program has become the largest of the aid programs in the federal budget, quadrupling in cost since 1978 (to over $3 billion in fiscal year 1982). The long-term obligations that the federal government has incurred in connection with these loans tend to dim the chances of boosting appropriations for the other aid programs that distribute subsidies more progressively.

The Acceleration of College Cost Increases

Higher prices erode the value of federal aid to students and confound efforts to reduce inequities in college access. What are the chances of a moderation in the inflationary spiral of college charges?

Every generation of parents hoping to send their children to college has the impression that the costs of doing so are higher than ever before. Yet analyses of trends in college tuition, family income levels, and general rates of inflation have shed doubt on the assumption that the costs of higher education have become relatively more burdensome with time. From the early 1960s through

most of the 1970s, for example, although college costs tended to go up slightly faster than the inflation rate as measured by the consumer price index (CPI), disposable per-capita income went up still faster. Since the late 1970s, however, things have changed. College costs have been running considerably ahead of the CPI in the last several years and also ahead of average income levels, which have fallen behind the CPI during the recession. Thus, in contrast to what can be said generally about the last two decades, it appears that college has recently become more difficult for families to afford.

Public institutions have been raising their tuition at an average rate of more than 10 percent in recent years and are likely to continue increasing it in excess of inflation. Traditionally, state tuition levels tended to plateau for years at a time; now there is a pattern of more regular annual or biannual increases. Most of the states are hard pressed for revenues, and many have adopted formulas calling for students to pay an increased share of the costs of instruction. Virginia, for example, has raised tuition to cover 35 percent of instructional costs, compared with 30 percent in 1981. A few states, like Minnesota, have adopted policies to increase student aid appropriations in tandem with tuition hikes in an effort to cushion the higher price and to preserve access for the needy. In most states, however, tuition levels are rising without any commensurate increase in need-based aid.

Tuition has been increasing even more steeply at private colleges and universities – an average of 13 percent in 1982–83, with increases as high as 20 percent on some campuses. It is unclear why tuition has increased at these rates while general inflation has been under 5 percent. Efforts to raise faculty salaries, which lagged behind general wage levels in the 1970s, along with a costly backlog of renovation and repairs to aging and fuel-inefficient buildings, are often cited as reasons for such drastic increases. It also appears that many institutions are plowing increasing amounts of tuition revenues into their student-aid budgets – to help more students pay the rising prices! Such circular dynamics cannot continue indefinitely. It seems likely that private-college fees will continue to run ahead of inflation but doubtful that they can continue to grow as dramatically as they have in recent years without pricing many of these schools out of their markets.

Student Aid as Price Warfare

One commentator wrote in 1981: "There is a distinct possibility that American higher education will experience a price war in the coming period. Indeed, the recent growth in awards of financial aid based on 'merit' may plausibly be viewed as either its precursor, or its prologue, or its early major phase."[2] The signs of price warfare – institutions increasingly using offers of financial aid as selective price discounts irrespective of financial need – are all the more prevalent in 1983, further weakening the thrust of past policies designed to promote equity.

Competition for students is intensifying as the college-age population shrinks by roughly one-quarter through the early 1990s. For many colleges, the competition is becoming a matter of survival, of simply being able to fill vacancies in entering classes from year to year. For the more selective schools, it is a question of maintaining their reputed selectivity by continuing to attract the top students based on college entrance test scores and high school records. In either circumstance the pressures are mounting, and student aid is increasingly being used as a vehicle for marketing and recruitment.

This use of student aid is not new. While need-based principles predominated during the past three decades, the no-need academic scholarship never completely disappeared. There has always been some bidding for students with financial aid as well as some genuine desire to honor scholarly achievement and merit apart from need. The current trend, however, is unprecedented. More than half of the colleges included in a recent survey indicated that, in addition to offering need-based aid, they consider all incoming freshman applicants for academic scholarships without regard to financial need, and most such scholarships are renewable after the freshman year. Not all colleges have succumbed to this practice, however, and the most prestigious schools are in the strongest position to reject it on principle. But a growing number of institutions, including some public colleges and a few elite private ones, such as Brandeis, are in effect offering prize money to attract the students they want.

Observers of the college admissions scene differ on the effectiveness of no-need awards as a recruitment device. Most students receiving such awards probably make their enrollment choices based on other factors, such as geography, quality of academic program, and campus atmosphere. As the offering of no-need awards becomes more widespread, the colleges will increasingly offset one another in their efforts to enroll the same students. Meanwhile, growing numbers of middle- and upper-middle-income families will receive windfall benefits, siphoning off scarce financial aid funds that might otherwise go to ensure access for students with demonstrated financial need.

Even colleges that continue to administer all aid on the basis of need may tend to spread the limited funds over a large number of marginally needy students, rather than concentrating on the most disadvantaged students. Institutions have considerable latitude in applying standard need-analysis formulas when they package and award aid. Offering, for example, $1,000 grants to five middle-income students rather than one $5,000 grant to a single full-need student may appear to be the better strategy for meeting enrollment objectives. While spawning no-need scholarships, recruitment pressures are also influencing the way need-based aid is juggled among potentially eligible students.

In fact, the growing incoherence of aid policies among the colleges and the resurgence of no-need awards are reminiscent of the conditions that led to the creation of CSS in the first place. The colleges banded together in 1954 to stem mutually unproductive efforts aimed at buying students and to allocate limited resources in ways that would help equalize opportunities for higher education. A rebirth of that spirit may be needed today.

The Role of the Family and the Student

The bedrock of the need-based aid tradition since the 1950s has been the assumption that parents have the primary obligation, to the extent of their ability, to pay for their children's higher education. Changes in family attitudes and family structure, however, and the fact that the postsecondary population is on average older than it used to be, are unsettling this philosophical foundation.

Some observers see an "intergenerational shift" of responsibility in paying for college, with many parents less willing to sacrifice and bear as much of the burden as their own parents did for them. The data are inadequate to document the trend, but it does appear that families on average plan and save less for college expenses than they did twenty years ago. Changing life-styles and consumer aspirations, competing claims on families' discretionary income (such as a second car, color television, and expensive vacations), and perhaps some questioning of the value of a college degree have all probably contributed to such a shift.

Most parents, of course, are still prepared to contribute something to their children's education. According to estimates from the High School and Beyond Survey, 80 percent of the parents of 1980 graduating seniors going on to college were willing to make a contribution. But many parents seem to be resisting, especially in the last several years, the sacrifices required to send their children to high-priced schools; they have become increasingly wary of committing themselves to four or more years of costly and escalating bills for tuition, room, and board. Such reluctance seems likely to channel growing numbers of middle-income students who might otherwise have attended a private school into low-cost public institutions.

CSS studies have shown that many parents actually contribute less to their offspring's education than standard need analysis indicates they could. The studies further show that as income increases, the percent willing to contribute what is expected decreases, and the gap between willingness and expected contribution widens. Middle-class parental resistance to bearing steep college costs is often matched by the expectation that subsidies should be available. Publicity about student aid, especially since the enactment of MISAA, has fostered among many students and parents a sense of entitlement, which contributes to the pressure on institutions to boost their aid budgets and to liberalize eligibility for price discounts.

The traditional parental role in college finance should be reinforced in the years ahead. Yet the reality is that the assumption of parental support is becoming less universally tenable and practical, because the dependent college student between eighteen and twenty-three is becoming less typical of the student population. More adults are returning to campus for a second chance or retraining. Younger people are tending to stretch out their education by enrolling part time, "stopping out," or alternating periods of work and education. The result is a growing number of students over age twenty-five, when their links with parents have become tenuous. Moreover, young people tend to view them-

selves as independent of their parents at an earlier age than in the past.

No one maintains that the parental obligation to pay for college expenses should last indefinitely, but where to draw the line may be the most vexing issue of student-aid policy in the 1980s. Should the determination be keyed automatically to such factors as the student's age and marital status? In what measure does the parental obligation extend to graduate and professional education? The problem is how to screen out younger students who may manipulate the system (achieving technical independence under current rules and unjustifiably qualifying for aid) without unfairly treating those who can only be viewed as free-standing adults, for whom an expectation of parental support would be awkward at best.

Because student aid provides different subsidies to different students and families, its administration has always been complicated, controversial, and charged with issues of social equity. It is likely to become still more so as college students are typified less by young people dependent on their parents and more by adults of all ages who come from a variety of life situations.

Many institutions are already dealing with the complexities of constructing expense budgets, doing need analysis, and designing award policies for largely nontraditional student bodies – students who are older, often attending part time, and typically coping with work and family responsibilities while in school. Many more campuses will face these complexities during the rest of this decade as claims on scarce student-aid funds increase. Trade-offs between part-time and full-time, dependent and independent, graduate and undergraduate, older and younger, and low- and middle-income students will become more acute.

Overall, an increasing share of the cost burden is likely to fall on students themselves – through loans and work, especially at the most expensive institutions. Given the rapid escalation in private-college tuition levels, students must cover an increasing proportion of the budget by self-help at these schools. The private institutions have led the way in trying to develop new sources of loan financing to supplement federal and state loan programs. In fact, the long-term trend in types of aid offered to students is sharply in the direction of loans rather than grant support. Almost half of all student assistance in the country is now provided through loans, compared with less than 30 percent in 1970. Despite growing alarm about mounting levels of student indebtedness, credit financing is likely to remain the principle means by which all kinds of institutions, especially those in the high-cost private sector, will try to close the financial gap as tuition continues its upward spiral.

Conclusion

Midway between the onset of Reagonomics in 1981 and the congressional reauthorization of the Higher Education Act in 1985–86, the need-based student aid movement remains viable, although it is fraying at the edges. The quest for equity in college finance continues.

Progressive distribution of student financial aid according to need, however problematic the measurement of need and the implementation of the programs, remains the most effective available strategy for attempting to equalize opportunities for higher education. The national commitment to need-based aid has been blunted by the budgetary slowdown in Washington — and its dollar value eroded by accelerating college price increases — but the programs have survived. Its practice among the colleges is threatened by competitive pressures to recruit students, but the need-based principle still largely holds sway on the campuses.

Questions loom. On the heels of rapid growth and the broadening of eligibility to a much larger population in the late 1970s, who will be squeezed out in the process of tightening down? Can policies be better tailored to ensure diversity in higher education, stem the restratification of enrollment along economic lines, and prevent the most elite campuses in the country from reverting to exclusive preserves for the upper-middle class? Can programs be made more efficient and made to serve goals that have recently gained in importance, like the recognition of merit and the promotion of academic excellence, without abandoning or dimming the prospect of equal opportunity for all groups in the society?

The upcoming federal review and reauthorization of student aid should be a time for regaining national momentum toward an educational system based on wide access and freedom of choice.

Notes

1. Maureen Woodhall, *Review of Student Support Schemes in Selected OECD Countries* (Paris: Organization for Economic Cooperation and Development, 1978), 133.

2. Kenneth M. Deitch, "A Price War for Higher Education?," *Change* 13 (April 1981): 24.